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NATURAL RESOURCES

Eric R. Greitens, Governor

Carol S. Comer, Director

JUN 29 2018

Mr. Brad True, Chairperson
Region J – Quad Lakes
Solid Waste Management District
300 N. Main
El Dorado Springs, MO 64744

RE: Region J – Quad Lakes Solid Waste Management District Financial Monitoring Program
Report for FY 2014 and FY 2016 Ending June 30, 2014, and June 30, 2016.

Dear Mr. True:

Please find herein the Missouri Department of Natural Resources' (Department) Solid Waste Management Program's (SWMP) District J – Quad Lakes Solid Waste Management District (District J or Region J) Financial Monitoring Program Report for the Years Ending June 30, 2014, and June 30, 2016. Monitoring was to be for FY 2015 and 2016 but there were no city/county subgrants for FY15.

Region J receives less than \$250,000 of Department allocations per year and is monitored biennially by the Department's SWMP pursuant to section 260.325.9 RSMo. Region J's financial monitoring report by the Department's SWMP Accounting Unit has been completed. This portion of the monitoring report is the program review which examines Region J's security interests, property records, and physical inventory along with site visits to the District Subgrantees to review the projects.

Monitoring reviews are part of the SWMP's oversight of solid waste management district activities to ensure public moneys are fully accounted for, reported, and to promote fiscal accountability at the district level. We are committed to working cooperatively with the District to ensure compliance with the solid waste management laws, the district grant rule and the Department's SWMP General Terms and Conditions. We appreciate Region J's assistance with the monitoring process.

Region J encompasses the counties of Bates, Benton, Cedar, Henry, Hickory and St. Clair. The Administrative Contractor for the District is Kaysinger Basin Regional Planning Commission and Ms. Kristi Pfleiderer is the District Planner.



Recycled paper

The District's grant projects reviewed and visited were:

1. J2013-002 – Henry County Industries – conveyor
2. J2014-004 – Golden Valley Day Care Replay – playground equipment, mulch
3. J2014-002 – Kottwitz Feed and Farm Inc. St. Claire County Recycling – skid steer, baler
4. J2014-006 – Evans Drug Recycle Today – 2 recycling trailers
5. J2014-007 – Bates County Industries – baler

Grant project security interest physical records reviewed in the district office were:

1. J2013-002 – Henry County Industries – conveyor
2. J2013-005 – City of Rich Hill – recycling trailers
3. J2014-002 – Kottwitz Feed and Farm Inc. St. Claire County Recycling – skid steer, baler
4. J2014-004 – Golden Valley Day Care – playground equipment, mulch
5. J2014-006 – Evans Drug Recycle today – 2 recycling trailers
6. J2014-007 – Bates County Industries – baler
7. J2016-003 – H. Roe Bartel Scout Reservation – baler
8. J2016-006 – Wheatland R-II School – play structure

The site visit on November 14, 2017, to Region J included visits to five (5) subgrantee sites and the District office. Sites visited include: Henry County Industries, Golden Valley Day Care, Kottwitz Feed & Farm Inc., St. Claire County Recycling, Evans Drug Recycle Today, Bates County Industries and the Region J office in Clinton. SWMP monitored the equipment, equipment tags, Department source of funding signage, asset control system and security interests.

The site visit to Henry County Industries to observe the conveyor showed that the entrance area is separate from the secured work area and located at the back of the building.

On the site visit for Golden Valley Day Care Center the playground and equipment were observed and appeared neat and well maintained outside at the back of the property.

The site visit to Kottwitz Feed & Farm Inc. St. Claire County Recycling showed that the building was locked when we arrived. The key stays in the skid steer which is stored inside the locked building. We recommended removing the key when not in use and locking the key away. He indicated that all the keys are alike and it wouldn't make any difference if it was not there if someone really wanted to take it.

On the site visit to Evans Drug one (1) trailer was observed in the parking lot. The other trailer was on a collection site. They are exchanged once a week for collection. There was a lock on the hitch for security. Since the monitoring visit, the subgrantee requested permission to sell the trailers and received it.

The last site visit was at Bates County Industries. The facility was well organized. The baler has a cart tipper which helps load the product and for safety, a locking cage was built around the tipper for when it is not in use. Product to be baled and completed bales are stored in a new large building.

The District's security interests vary depending on the type of equipment, building or site improvement. For equipment costing \$5,000 or more, a UCC-1 filed with the Missouri Secretary of State is required unless the collateral is fixtures then the deed of trust or property title lien would be filed with the Missouri State County Recorder of Deeds. Security interests for motor vehicles including trailers are filed with the Missouri Department of Revenue as a lien on the title. See Department SWMP's General Terms and Conditions section I.M.3. Security interests for building or site improvements are filed with the Missouri State County Recorder of Deeds as a lien on the deed of trust or property title.

SWMP examined the District's security interests. SWMP scrutinized the projects to see if the actual project matched the approved project with the Attachment 1 and Financial Assistance Agreement. They do match.

The District records were missing security interests for two (2) playgrounds and four (4) pieces of equipment. The District is working on refileing four (4) of the security interests with the correct form. Please provide the UCC-1s for J2014-004 Golden Valley Day Care Replay equipment and mulch, J2014-007 Bates County Industries baler, J2014-002 Kottwitz Feed & Farm Inc. St. Clair County Recycling skid steer and baler, J2016-003 H. Roe Bartel Scout Reservation Recycling baler, and J2016-006 Wheatland R-II School Playground within 30 days of this report. J2013-002 Henry County Industries did not have a security interest on its conveyor at the time of the visit. The five (5) year period has since expired. In the future, the District must have a security interest for equipment in the District files within 30 days of the purchase date.

Please provide a statement within 30 days that the District will include in its District operations workplan and timetable: security interest documentation on equipment will be obtained by either the District or subgrantee within 30 days of date of purchase (see Department SWMP General Terms and Conditions section I.M3b.vi). For the FY19 year a copy of all security interests must be sent within 40 days to SWMP.

SWMP also reviewed the District's records showing whether the District is maintaining a physical inventory check every two (2) years. The District performs the physical inventory visit every two (2) years and takes a picture and logs the date on the inventory spreadsheet and in the file. The District provided an inventory spreadsheet that included dates of site visits and has it on file at the District.

Every year the District sends a self-certification form to the subgrantee who verifies they have the equipment and returns it signed to the District with some exceptions as noted. Use statements

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sent for J2014-004 Golden Valley Day Care, J2014-006 Evans Drug Recycle Today, J2014-007 Bates County Industries Paper, J2016-003 H. Roe Bartel Scout Reservation Recycling, and J2016-006 Wheatland R-II School were missing at the time of the visit, and have since been provided for the year 2017. Certification of use letters must be present in the files for each year of the five (5) year period of the project; please ensure they are.

Due to the limited scope of the financial monitoring- program review, the SWMP is not assessing the property records and physical inventory, including annual use statements and current insurance records per the District Grant Rule 10 CSR 80-9.050 (7) K, L and M and the Department's SWMP General Terms and Conditions section I.M and I.N. The Performance Audits scheduled every five (5) years will do that review.

Based upon the results from the performance audits last year for some districts, SWMP recommends the District's inventory spreadsheet include all of the asset inventory information: a description of the equipment, serial number or other identification number, purchase date, the source of the equipment, who holds the title, the acquisition date, cost of the equipment, percentage of state participation in the cost of the equipment, and the location, use and condition of the equipment. A physical inventory date when the inventory was personally looked at once every two (2) years should also be included. List the equipment condition and any ultimate disposition data including date of disposal and sale price of the equipment. See section I.M.2.a. of the Department's SWMP General Terms and Conditions. The District should verify each equipment and building and site improvement grant for \$5,000 or more including grant funds and match funds has use statements and insurance for each year of the security interest for the District.

None of the projects had a DNR sticker on the security interest item. Most facilities had a framed source of DNR funding document on the wall or bulletin board. We informed the District that both items needed to be present and they agreed to provide stickers to the subgrantees. At the time of this report we have not received verification in the form of a photo from the District that DNR stickers have been placed on equipment items that were missing stickers. Please provide the verification of the placement of DNR stickers by sending SWMP a picture of them within 60 days of this report. No financial statement audit is needed per the programmatic review.

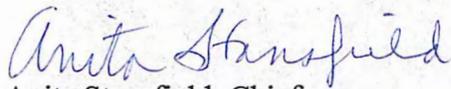
Thank you for your cooperation in the monitoring program review of Region J.

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If you have any questions, please contact me at 573-751-5401 or Ms. Mary Ellen Hummel at 573-526-3939, by email at anita.stansfield@dnr.mo.gov or maryellen.hummel@dnr.mo.gov or by mail at Missouri Department of Natural Resources, Solid Waste Management Program, P.O. Box 176, Jefferson City, MO 65102.

Sincerely,

SOLID WASTE MANAGEMENT PROGRAM

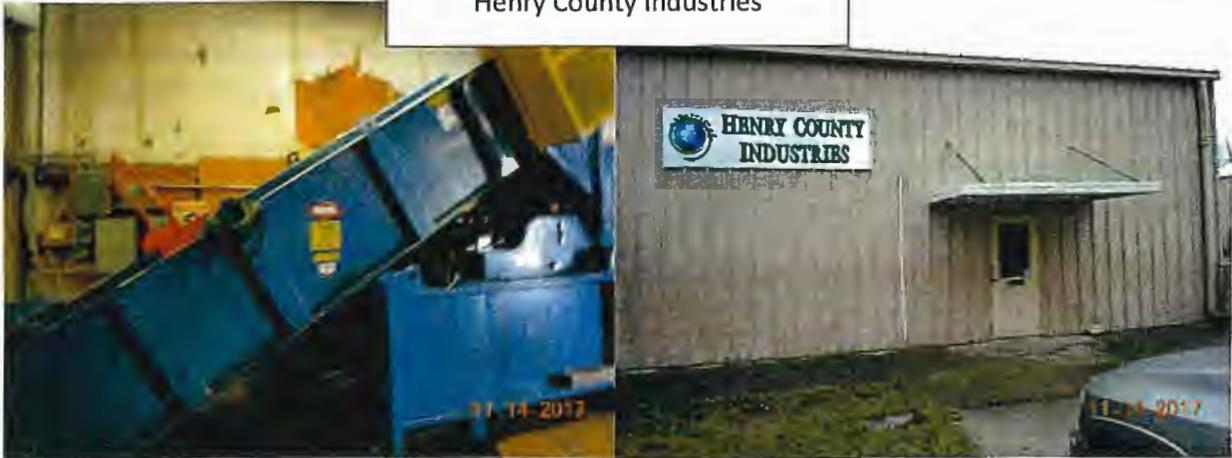
A handwritten signature in blue ink that reads "Anita Stansfield".

Anita Stansfield, Chief
District Grants Unit

AS:meh

c: Ms. Kristi Pfleiderer, Planner, Region J – Quad Lakes Solid Waste Management District

Henry County Industries



Golden Valley Day Care



Kottwitz Feed & Farm St. Claire
County Recycling



Evans Drug Recycle Today



Bates County Industries



